

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-05-227-07-CO01
Whether there has been a violation of the)
Business Opportunity Fraud Act of)
Washington by:) CONSENT ORDER AS TO HOLIDAY
) ENTERPRISES, INC. AND RICHARD J.
Holiday Enterprises, Inc.; Richard J.) MORRELL AKA NICK MORRELL
Morrell aka Nick Morrell; Andrew)
DeVeau; and Sherri Albano,)
)
Respondents)

THE STATE OF WASHINGTON TO: Holiday Enterprises, Inc. and Richard J.
Morrell aka Nick Morrell

STATEMENT OF CHARGES

On January 23, 2006, the Securities Division of the Department of Financial Institutions (“Securities Division”) entered Amended Statement of Charges and Notice of Intent to Enter Order to Cease and Desist (“Amended Statement of Charges”), order number S-05-227-07-SC02, against Respondents, Holiday Enterprises, Inc., Richard J. Morrell aka Nick Morrell, Andrew DeVeau, and Sherri Albano. The Amended Statement of Charges replaced Statement of Charges and Notice of Intent to Enter Order To Cease and Desist, order number S-05-227-06-SC01, which was entered November 22, 2006, against Respondents, Holiday Enterprises, Inc., Richard J. Morrell aka Nick Morrell, Andrew DeVoe, and Sherri Albano, to correct the spelling of Mr. DeVeau’s name.

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents, Holiday Enterprises, Inc. and Richard J. Morrell aka Nick Morrell, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents, Holiday

CONSENT ORDER

1

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 Enterprises, Inc. and Richard J. Morrell aka Nick Morrell, neither admit nor deny the Findings of
2 Fact or Conclusions of Law as set forth below.

3 FINDINGS OF FACT

4 PARTIES

- 5 1. Holiday Enterprises, Inc. (“Holiday Enterprises”) is a Delaware corporation with its
6 principal place of business at 3982 Cherokee Trail, Suite 140, Suwanee, GA 30024.
- 7 2. Richard J. Morrell aka Nick Morrell (“Morrell”), a resident of Georgia, was President,
8 CEO, CFO, and Secretary of Holiday Enterprises.
- 9 3. Andrew DeVeau (“DeVeau”), a resident of Florida, was a salesperson for and on
10 behalf of Holiday Enterprises.
- 11 4. Sherri Albano (“Albano”), a resident of Florida, was a salesperson for and on behalf of
12 Holiday Enterprises.

13 NATURE OF THE OFFERING

- 14 5. Holiday Enterprises is the seller of a business opportunity to sell computer printer ink
15 cartridges through display racks. Purchasers of the business opportunity are provided
16 display racks, signage, point of sale materials, a website, and products to present to the
17 market at 40 to 60 percent less than competitors.
- 18 6. Holiday Enterprises also provides purchasers of the business opportunity a referral to
19 United Locations of America, Inc. (“United Locations”), at 3525 Hickory Branch
20 Trail, Suwanee, GA 30024, for locating services.
- 21 7. In its offering materials, Holiday Enterprises states that purchasers of the business
22 opportunity “will more than recoup their investment just on the first turn of
23

1 inventory...[and] can expect to generate real profits of from \$50,000 to over \$200,000
2 per year.”

3 8. Holiday Enterprises sells four packages of 3, 5, 10, and 20 location routes and display
4 racks for \$9,450, \$13,895, \$24,995, and \$47,895 respectively.

5 9. Holiday Enterprises’ sales materials state that purchasers can expect revenues of
6 \$3,000 a month and net profit of \$2,000 a month from each display rack.

7 10. Purchasers of the business opportunity purchase additional ink cartridges from
8 Holiday Enterprises for an average price of \$6.00 to refill the displays as ink cartridges
9 are sold.

10 11. Morrell and Holiday Enterprises, through their agents and/or employees, including
11 DeFoe and Albano who were part of a marketing agency working for Morrell and
12 Holiday Enterprises, offered and sold a business opportunity to at least three
13 Washington residents.

14 Purchaser A

15 12. Purchaser A, a resident of Sammamish, WA, learned about Holiday Enterprises from
16 an advertisement in the *Seattle Times* in December 2002.

17 13. In January or February, 2003, Purchaser A entered into a business opportunity
18 agreement with Holiday Enterprises for an exclusive territory north from I-90.

19 Purchaser A paid \$10,300 for the territory and two display racks with ink cartridges.

20 14. Holiday Enterprises offered locating services for \$500 per location, but Purchaser A
21 chose to locate the display racks himself.

22 15. Purchaser A’s main contact with Holiday Enterprises was through Morrell.

1 16. Purchaser A was mailed a packet of sales materials, but was not provided a disclosure
2 document with material information about the investment as required by the Act.

3 Purchaser B

4 17. Purchaser B, a Washington resident in Silverdale, WA, learned about Holiday
5 Enterprises from multiple business opportunity and franchise advertising websites.

6 Purchaser B filled out an online form indicating his interest and was contacted by
7 DeVeau.

8 18. Purchaser B was mailed a packet of sales materials, but was not provided a disclosure
9 document with material information about the investment as required by the Act.

10 19. Purchaser B purchased the exclusive rights to Kitsap County, WA, as well as three
11 display racks, professional locating services, 600 ink jet cartridges, promotional
12 marketing labels, a website, 1-800 service number, and a merchant account for \$8,950
13 on June 14, 2004.

14 20. United Locations found three locations for Purchaser B as part of his agreement with
15 Holiday Enterprises. Purchaser B had to later find his own locations because the three
16 provided by United Locations were all outside of Kitsap County.

17 Purchaser C

18 21. Purchaser C, a Washington resident in Vancouver, WA, began to investigate the
19 business opportunity offered by Holiday Enterprises in October 2004. His initial point
20 of contact was Albano.

21 22. Purchaser C purchased the exclusive right to Clark and Cowlitz counties, location
22 services by United Locations, three display racks with ink cartridges, and marketing
23

1 materials for \$8,980 on October 29, 2004. United Locations found three locations for
2 Purchaser C.

3 23. Purchaser C also purchased a website for \$60 per month.

4 24. Purchaser C was provided a disclosure document for Holiday Enterprises that
5 purported to be required under Florida law.

6 MISREPRESENTATIONS AND OMISSIONS

7 25. Holiday Enterprises failed to provide information and a reasonable basis on which the
8 estimations and/or projections of earnings were made and an explanation of the extent
9 to which the information related to the actual operations of the business opportunity
10 offered to the purchaser.

11 26. Holiday Enterprises failed to disclose the total number of business opportunities which
12 the seller has sold or leased and the number of failures of business opportunities which
13 the seller has sold or leased.

14 27. Holiday Enterprises failed to disclose its then current financial statement information
15 to purchasers.

16 REGISTRATION STATUS

17 28. Holiday Enterprises is not currently registered to sell business opportunities in the
18 state of Washington and has not previously been so registered.

19 29. Morrell, DeVea, and Albano are not currently registered to sell business
20 opportunities in the state of Washington and have not previously been so registered.

21
22 Based upon the Findings of Fact, the following Conclusions of Law are made:

1 **CONCLUSIONS OF LAW**

- 2 1. The offer or sale of the business opportunity described above constitutes the offer or
3 sale of a business opportunity as defined in RCW 19.110.020.
- 4 2. The offer or sale of said business opportunity is in violation of RCW 19.110.050
5 because no registration to offer and/or sell by Respondents, Holiday Enterprises, Inc.,
6 Richard J. Morrell aka Nick Morrell, Andrew DeVeau, and Sherri Albano, is on file
7 with the Securities Administrator.
- 8 3. The offer or sale of said business opportunities was made in violation of RCW
9 19.110.070 because Respondents failed to provide at least two prospective purchasers
10 the required Disclosure Document and the disclosure document purported to be
11 required under Florida law did not meet the disclosure requirements under RCW
12 19.110.
- 13 4. The offer or sale of said business opportunities was made in violation of RCW
14 19.110.120 because Respondents made misrepresentations and omissions, including
15 but not limited to omitting support for estimated and projected earnings statements and
16 omitting the number of business opportunities sold or leased and the number of
17 business opportunities that have failed, and failing to provide current financial
18 statements.

19
20 **CONSENT ORDER**

21 Based upon the foregoing:

22 IT IS AGREED AND ORDERED that Respondents, Holiday Enterprises, Inc. and

23 Richard J. Morrell aka Nick Morrell, shall cease and desist from offering or selling business

24 CONSENT ORDER

1 opportunities in violation of RCW 19.110.050, the registration section of the Business
2 Opportunity Fraud Act of Washington.

3 IT IS FURTHER AGREED AND ORDERED that Respondents, Holiday Enterprises,
4 Inc. and Richard J. Morrell aka Nick Morrell, shall cease and desist from violating RCW
5 19.110.070, the disclosure document section of the Business Opportunity Fraud Act of
6 Washington.

7 IT IS FURTHER AGREED AND ORDERED that Respondents, Holiday Enterprises,
8 Inc. and Richard J. Morrell aka Nick Morrell, shall cease and desist from violating RCW
9 19.110.120, the anti-fraud section of the Business Opportunity Fraud Act of Washington.

10 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this
11 Order.

12 IT IS FURTHER AGREED that in consideration of the foregoing Respondents, Holiday
13 Enterprises, Inc. and Richard J. Morrell aka Nick Morrell, waive their rights to a hearing in this
14 matter and judicial review of this order.

15 **WILLFULL VIOLATION OF THIS ORDER IS A CRIMINAL VIOLATION.**

16 SIGNED this 12th day of April, 2007.

17 Signed by:

18 _____/s/
19 Richard J. Morrell, individually

20 Signed by:
21 Holiday Enterprises, Inc.

22 _____/s/
23 Richard J. Morrell, President

1 Dated and Entered this 13th day of April, 2007.

2
3 

4 MICHAEL E. STEVENSON
5 Securities Administrator

6 Approved by:

7 Presented by:

8 

9 

10 Martin Cordell
11 Chief of Enforcement

12 Dylan Waits
13 Financial Legal Examiner